

City of Carlsbad Business Survey Report

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PARTNERSHIP**

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EXECUTIVE SUMMARY

The City of Carlsbad's Economic Development Department commissioned BW Research Partnership, Inc. (BW Research) to develop a profile of local businesses and assess the business climate within the city. As part of the research over two hundred businesses with at least one location in Carlsbad completed a survey.

BW Research offers the following key findings from the 2013 research of Carlsbad Businesses:

Most businesses indicated Carlsbad was an excellent or good place to do business.

- Just under nine out of ten (87%) Carlsbad businesses surveyed indicated the city was an excellent (39%) or good (48%) place to do business. At the other end of the spectrum, only three percent of responding businesses indicated that Carlsbad was either a poor (2%) or very poor (1%) place to do business.

Businesses were more likely to be optimistic about the future

- Just over one third (35%) of responding businesses indicated the business climate in Carlsbad was getting better and only six percent indicated it was getting worse.

Three out of four Carlsbad businesses were confident city government's decisions to improve the business climate.

- Seventy-five percent of Carlsbad business respondents indicated they were either very (25%) or somewhat (50%) confident in city government to make decisions to positively affect the local business climate.

Quality of life and proximity to vendors are the greatest areas of satisfaction; regulatory climate and transportation systems are areas of greatest dissatisfaction.

- The three issues tested with the highest levels of satisfaction included; quality of life (96% satisfaction), access to relevant vendors and suppliers (82% satisfaction), and access to clients and customers (81% satisfaction).
- The three issues tested with the highest levels of dissatisfaction included; regulatory climate (19% dissatisfaction), local roads and transportation systems (11% dissatisfaction), and ability to find qualified entry to mid-level employees (10% dissatisfaction).

Conclusions and Recommendations

Importance of Communication

- Overall just under forty percent (37%) of respondents indicated they had received economic development information from Carlsbad. The businesses that received



economic development information from the City of Carlsbad were almost twice as likely to indicate the business climate was getting better (48% vs. 27%) compared to those businesses that did not receive economic development information from the City or were not sure if they had received it.

- Businesses that received economic development information from the City of Carlsbad, were also more likely to indicate confidence in City government to make decisions that positively impact the business climate (81% vs. 71%) compared to those businesses that did not receive economic development information from the City or were not sure if they had received it.

These results indicate that the economic development information coming for the City is having a positive impact upon businesses' economic outlook. The City should consider strategies to increase its communication efforts to local businesses.

Educational Opportunities

Results of the survey show that approximately two-thirds of businesses in the City would value a university or institution of higher education within the City boundaries. Overall, businesses saw this new university offering business, marketing and/or entrepreneurship courses or relatively technical courses that would support industry research and high-skilled vocational training in renewable energy, ICT (Information and Communications Technologies) and other applied sciences including engineering and health sciences. Respondents from the executive interviews also discussed the importance of local middle and high school science and mathematics programs. Given the support of the business community for the university or institution of higher education, the City should continue to move forward with these plans while also recognizing the importance of connectivity with the science and mathematics curricula at the local high schools.

Regulatory Climate

Of the business climate issues we typically include in employer surveys, regulatory climate is most often the item that respondents are dissatisfied with. The 19 percent of respondents that indicated dissatisfaction with the regulatory climate were asked as a follow up, if there was a specific issue of concern and how they suggested responding to it. These are some of the paraphrased responses;

- Allow more business signage in and around business locations
- Make it easier and more streamlined to get permits
- Advocate on behalf state and national legislators that represent Carlsbad business interests

Transportation

The 11 percent of respondents that indicated dissatisfaction with the local roads were asked as a follow up, if there was a specific issue of concern and how they suggested responding to it. These are some of the paraphrased responses;



- Not enough public transit options for Carlsbad employees
- Need more bus routes from the Coaster
- Reduce traffic congestion, increase traffic flow and improve traffic light timing

Entry and mid-level employees

The 10 percent of respondents that indicated dissatisfaction with their ability to find qualified entry to mid-level employees were asked as a follow up, if there was a specific issue of concern and how they suggested responding to it. These are some of the paraphrased responses;

- More moderate income housing
- Cost of living is high
- Finding qualified applicants means having people commute from longer distances

Strengths of Carlsbad business community

The City boasts a concentration of export-oriented, innovation driven businesses in key industry clusters including Action Sports, ICT (Information and Communications Technologies), CleanTech and Life Sciences. The employers in these four Carlsbad industry clusters, tend to be larger businesses with wages well above the local and regional average. These businesses not only provide high wages they generate a considerable multiplier effect on local employment and tax revenue. Recent research by economist Enrico Moretti¹ reveals that for every job in an innovation based export-oriented business, like the four industry clusters in Carlsbad, approximately five additional jobs are created. Any strategies that increase local employment in these high-paying industry clusters is likely to have a significant multiplier effect on businesses throughout the Carlsbad economy.

Background and Methodology Overview

For this study, BW Research conducted an evaluation of businesses within the City of Carlsbad based on information from SANDAG's recent industry cluster research, InfoUSA, EMSI, and California's Employment Development Department. The study also included a stratified telephone and online survey, which was completed by 223 Carlsbad businesses.

The survey research included an oversample of employers from Carlsbad's five industry clusters, which include;

1. **Action Sports Manufacturing cluster** includes firms that are engaged in the design and production of golf club, surfboard, diving, and other recreational goods as well as the apparel and accessories that is closely tied to these products.

¹ Research is taken from the New Geography of Jobs, by Enrico Moretti 2012.



2. **Life Sciences cluster** combines two of SANDAG's industry clusters, *Biomedical Devices and Products* which includes the research, design, and production of medical devices and *Biotechnology and Pharmaceuticals* which includes research and development related to biological technologies as well as the manufacturing of medicinal and diagnostic substances.
3. **Cleantech cluster** includes firms that are engaged in renewable energy, energy efficiency, and energy storage.
4. **Entertainment & Hospitality cluster** includes hotels, transportation services, and restaurants, as well as entertainment attractions such as theme parks (LEGOLAND), golf courses, and country clubs.
5. **Information, Communications, & Technologies (ICT) cluster** includes communications, computer and electronics, and software industries.

As a follow-up to the quantitative survey, two qualitative executive interviews were completed with decision makers from Carlsbad's life sciences cluster to gain a deeper understanding of how local businesses perceive some of the issues identified in the quantitative survey results and how they relate specifically to the life sciences industry.

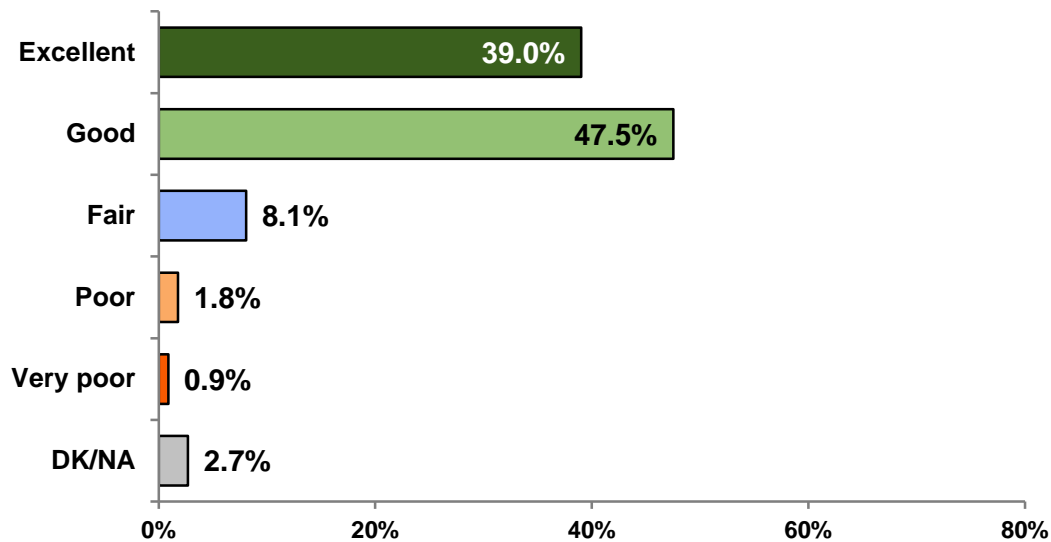


OVERALL INDICATORS FOR THE BUSINESS COMMUNITY

CARLSBAD AS A PLACE TO DO BUSINESS

Eighty-seven percent of Carlsbad businesses surveyed provided a positive rating for the City of Carlsbad as a place to do business, with 39 percent rating it as “excellent” and 48 percent “good.” Eight percent of businesses provided a neutral rating, three percent a negative rating, and three percent were not sure or declined to state.

Figure 1: Rating for the City of Carlsbad as a Place to Do Business



- Firms with two or more Carlsbad locations provided a higher rating for Carlsbad as a place to do business than firms with one location (97% positive vs. 85%).
- Firms who have been in Carlsbad more than 20 years were the most likely to provide a positive rating (96%) and in particular, an excellent rating (51%).
- As one would expect, firms who reported a decline in employment at their Carlsbad location(s) over the past three years were less likely to provide a positive rating (77%) than those who grew (91%) or stayed the same (89%).
- There was no difference in overall positive ratings by difficulty finding qualified professional and technically skilled applicants; however, those reporting little to no difficulty were much more likely to provide an “excellent” rating. There was a difference in overall ratings by satisfaction with their ability to recruit high-skill talent and find qualified entry to mid-level employees (with those “very satisfied” providing much higher “excellent” and overall positive ratings).
- Examining the relationship between this metric and others questions, ratings were most strongly correlated (.43 to .49) with confidence in city government to make decisions that impact the business climate, satisfaction with the regulatory climate, satisfaction with information and economic development from the City of Carlsbad (among those who had received information), and satisfaction with organizations to support economic development and entrepreneurship.



- When asked to rate Carlsbad as a place to do business, firms in the Action Sports cluster were the most positive, with all firms rating Carlsbad as “excellent” or “good” (n=8, 100%). Life Sciences (n=15, 93%) and Cleantech (n=12, 92%) also provide above average ratings. Entertainment and Hospitality firms (n=31, 87%) provided a rating in line with the average across all firms, whereas ICT firms provided a below average rating (n=25, 80%). Overall, ratings were comparable among those in one of the five clusters versus those not in one of the clusters (88% positive vs. 86%).

Please note for all individual industry cluster survey response analyses throughout this report:

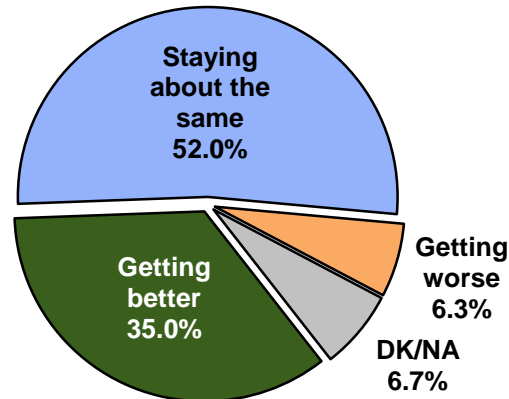
Although the survey sampling plan included a focus on firms in the five industry clusters, the sample sizes within three of the five clusters were less than 25 respondents – which is the minimum for assuming a normal distribution. As such, caution should be utilized when generalizing the results for Action Sports (n=8), Cleantech (n=12), and Life Sciences (n=15).



PERCEPTION OF THE BUSINESS CLIMATE

Thirty-five percent of businesses surveyed perceive the business climate in Carlsbad to be “getting better” and 52 percent feel it is “staying about the same.” Only six percent view the business climate in the city as “getting worse” and seven percent of respondents were not sure or declined to provide a response to the question.

Figure 2: Perception of Business Climate in Carlsbad



- Firms with one Carlsbad location were more likely than those with two or more to perceive the Carlsbad business climate as “staying about the same” (55% vs. 35%). The plurality of firms with two or more locations viewed it as “getting better” (42% vs. 34% among those with one location) and were also more than twice as likely to view it as “getting worse” (13% vs. 5%).
- Firms that had been in Carlsbad for more than 20 years (43%) or five years or less (39%) were more likely to have a positive outlook (“getting better”) as compared with those that had been in the city for a length in between (29%).
- Perceptions of the business climate were correlated with growth over the past three years as well as their outlook for growth over the next year. Firms that had increased the number of employees at their Carlsbad location(s) over the past three years (46% “getting better”) as well as those that expected to grow over the next year (42%) were the most positive.
- Firms that had received economic development information or updates from the City of Carlsbad were more than twice as likely to perceive the business climate as “getting better” than those who had not received information (48% vs. 23%).
- Examining the relationship between this metric and others survey questions, ratings were most strongly correlated (.22 to .29) with ratings for the City of Carlsbad as a place to do business, satisfaction with organizations to support economic development and entrepreneurship, confidence in city government to impact the climate, and satisfaction with information and economic development from the City of Carlsbad (among those who had received information).



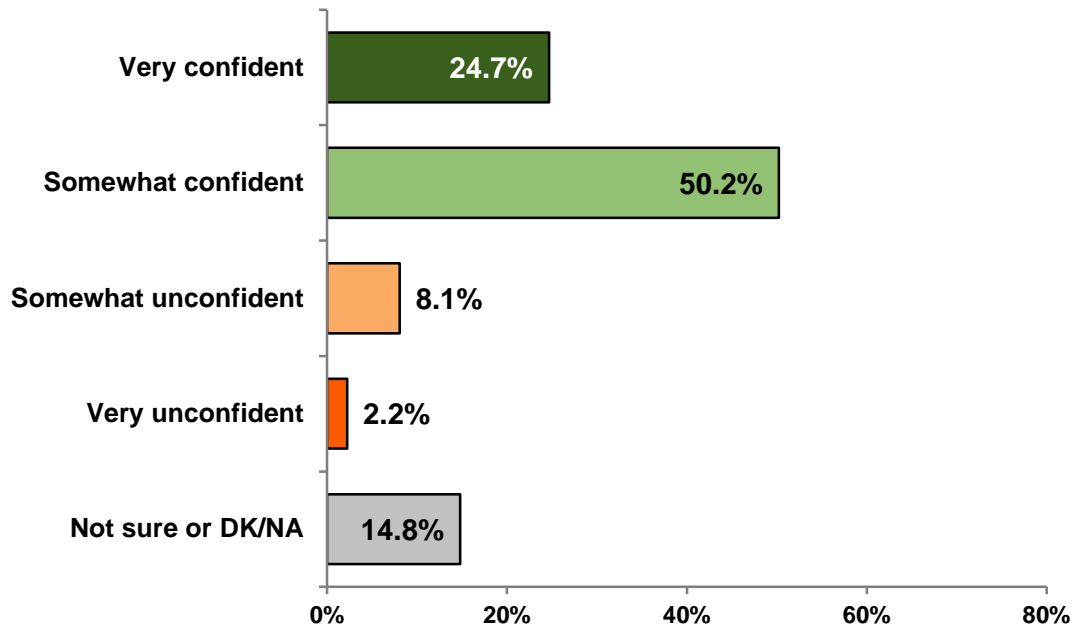
- Firms in one of the five industry clusters had a more positive outlook for the City of Carlsbad business climate than those firms not in one of the five clusters (i.e., the percentage indicating it was “getting better”). Firms in the Action Sports cluster (n=8, 63% “getting better”) and Entertainment and Hospitality cluster (n=31, 42%) were the most positive.



CONFIDENCE IN CITY GOVERNMENT TO IMPACT THE BUSINESS CLIMATE

Three out of four businesses surveyed indicated they are confident in Carlsbad city government to make decisions that positively affect the local business climate, with a quarter “very confident” and the majority “somewhat confident.” Ten percent of respondents reported they are not confident in Carlsbad city government to positively impact the business climate and 15 percent were not sure or declined to state.

Figure 3: Confidence in City Government to Impact Business Climate



- Ninety-six percent of firms that had been in Carlsbad more than 20 years indicated they are confident (and 43% are “very confident”) in Carlsbad city government to make decisions that positively affect the local business climate.
- Examining the relationship between this metric and others questions throughout the survey, ratings were most strongly correlated (.43 to .51) with satisfaction with organizations to support economic development and entrepreneurship; ratings for the City of Carlsbad as a place to do business; satisfaction with the regulatory climate, including zoning, permitting, local regulations and related issues; and satisfaction with access to relevant vendors and supplies.
- Compared with those not classified into one of the five clusters, firms in one of the five industry clusters reported a higher level of confidence in Carlsbad city government to make decisions that positively affect the local business climate (70% vs. 81%). However, this difference was driven by differences in not sure and don’t know responses among firms not in a cluster. The percentage “unconfident” was comparable among the two groups.
- Among the five clusters, Action Sports (n=8, 100% confident) and Cleantech (n=12, 92%) reported the highest confidence levels.



HIRING EXPECTATIONS OVER THE NEXT YEAR

Thirty-five percent of businesses expect to have more workers at their Carlsbad location(s) 12 months from the time of the survey, resulting in an anticipated growth rate of 4.3 percent which is a marked change from the -2.8 percent reported by respondents over the past three years. Fifty-eight percent of firms expect to maintain current employment levels over the next year, three percent expect to have fewer total employees, and four percent were not sure or declined to state.

Figure 4: Hiring Expectations for the Next 12 Months

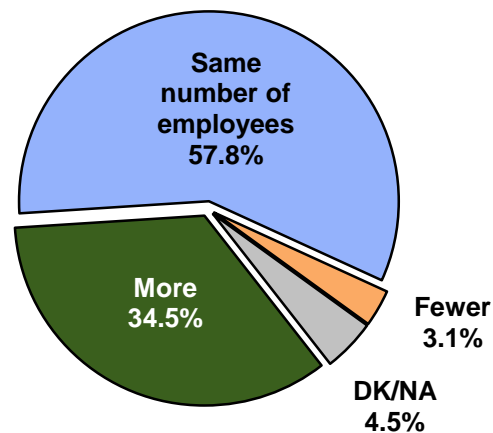
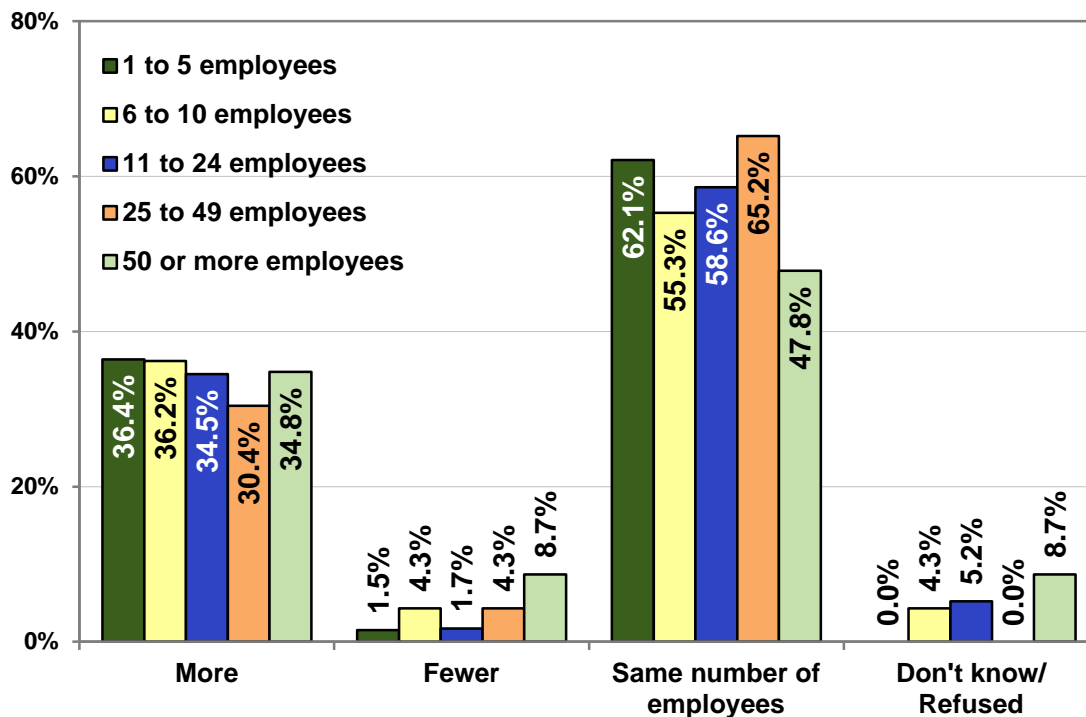


Figure 5: Hiring Expectations for the Next 12 Months by Business Size





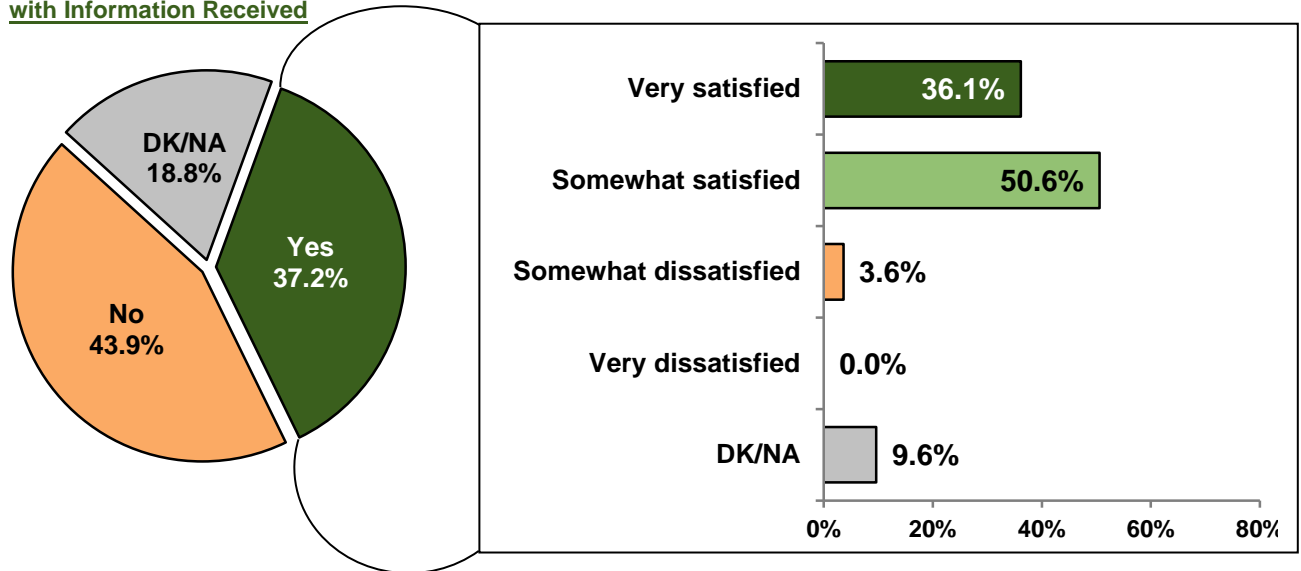
- A higher than average percentage of firms with 50 or more employees in Carlsbad reported anticipating "fewer" employees over the next year (9% vs. 3% average).
- Firms with one Carlsbad location were nearly three times as likely to anticipate having more employees 12 months from now as compared to firms with two or more Carlsbad locations (38% vs. 13%).
- Firms with a primary focus on businesses (40% "more") or a combination of businesses and consumers (37%) were more likely to anticipate adding employees over the next year than those that focused just on consumers (28%).
- Companies that grew over the last three years were the most likely to report that they expect to continue growing in the next year (52% vs. 35% average).
- Firms in the Action Sports (n=8, 63%), Cleantech (n=12, 50%), and Life Sciences (n=15, 40%) clusters each had at least 40 percent of firms reporting that they expect to add more employees over the next year. In addition, Life Sciences (n=15) and Action Sports (n=8) each reported growth by at least a quarter of firms over the past three years. Although there was no difference in 12-month hiring expectations over the next year among those in one of the clusters versus those not in a cluster, there was a difference in past growth. Firms within one of the five clusters were much more likely to have stayed the same over the past three years as compared to firms not in one of the clusters (59% vs. 48%), whereas a higher percentage of firms not in a cluster reported growth during the same time period (28% vs. 19%).



ECONOMIC DEVELOPMENT INFORMATION FROM THE CITY AND SATISFACTION

Thirty-seven percent of the businesses surveyed have received economic development information or updates from the City of Carlsbad. Among those, 87 percent were satisfied (36% “very satisfied”) with the information received from the city on their economic development services and those programs related to supporting Carlsbad's businesses.

Figure 6: Received Economic Development Information or Updates from Carlsbad and Satisfaction with Information Received



- Much higher than the 37 percent average, the majority of businesses (51%) that have been in Carlsbad for more than 20 years reported receiving economic development information or updates from the City of Carlsbad.
- Firms that decreased their Carlsbad employment over the past three years (43%) were more likely to have received information than firms that had grown (37%) or stayed the same (35%).
- Examining the relationship between satisfaction among those who had received information and updates from the City of Carlsbad and other survey questions revealed that ratings were most strongly correlated (.44 to .50) to satisfaction with access to relevant vendors and suppliers, ratings for the City of Carlsbad as a place to do business, satisfaction with local roads and transportation system, and satisfaction with the ability to find qualified entry to mid-level employees.
- Overall, there was no difference in the percentage of firms reporting that they have received economic development information or updates from the City of Carlsbad among those in one of the five industry clusters versus those not in a cluster (37% among each group). However, when the five clusters are examined separately, firms within the Entertainment and Hospitality cluster (n=31, 42%) were the most likely to reported having received information whereas those in the Life Sciences cluster (n=15, 27%) were the least likely.



IMPORTANCE OF INDUSTRY CLUSTERS

Industry clusters represent a comprehensive way of identifying and evaluating related industries within a given area. The process of identifying and examining clusters is based not only on the goods and services that employers are engaged in, but more important understanding the economic relationships that exist between vendors, suppliers, and customers who are using related products and services. The firms within an industry cluster typically share common needs for talent, human capital, technology, and infrastructure.

Most **industry clusters are export-oriented** driving wealth creation by bringing in customers and revenue from outside the region rather than being limited to those customers that just live within the area. The emphasis on export-oriented clusters not only expands the universe of potential customers but also diversifies the economy and provides greater opportunity for growth and a hedge against regional economic decline when some of the population-serving industries are negatively impacted. Lastly and potentially most important, the growth in industry clusters will typically have a large multiplier effect, increasing employment and business opportunities for all types of businesses within a given community and/or region.

According to the San Diego Association of Governments' (SANDAG) December 2012 report: *Traded Industry Clusters in the San Diego Region*.²

Traded industry clusters are groups of interrelated, export-oriented industries that bring new money into the region. Industries within an industry cluster have business transactions with one another, and thus are interdependent. Cluster companies often participate in local industry associations, fostering collaboration and the exchange of knowledge. Companies within a cluster also compete with each other for market share, which drives innovation and productivity.

Companies within clusters tend to be among the region's leaders in research and development funding, patent awards, and other key indicators of innovation. Many of the clusters also pay high wages, although some do not. All clusters are economic drivers for the region because they are export-oriented.

San Diego's regional traded clusters were first identified as a result of the 1998 Regional Economic Prosperity Strategy (REPS), which was developed to address the recession and economic restructuring of the early 1990s. Originally, the clusters were determined by a committee of local industry and economics experts. The current method relies both upon committee input and a methodology based on sound principles and practices that can be replicated for other regions, minimizing the subjectivity of the committee-based approach.

Industry clusters are different from traditional sector employment because the clusters focus on specialized industries as well as buyer and supplier linkages that are unique to a region's economy. Viewing the regional economy through the perspective of clusters is important when describing the fast-paced, international economy of today. Elected officials, planners, and local residents want information about biotechnology and cleantech, for example. It is not possible to obtain this level of detail using traditional industry sector reporting.

Industry cluster analysis is a useful tool to look deeply at the structure of the economy and help determine what direction it will take in the future. As technology and industries change, new cluster groups may come into existence.

² Excerpted from page 1: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.



SANDAG focused on 13 industry clusters in its latest report. Among those, six clusters³ are most relevant to the City of Carlsbad as they either already have a relatively high concentration of employment within Carlsbad or they offer an industry that has the opportunity to see considerable growth within the next three to ten years. These industry clusters relevant to the City of Carlsbad, include;

1. **Action Sports Manufacturing cluster** includes firms that are engaged in the design and production of golf club, surfboard, diving, and other recreational goods as well as the apparel and accessories that is closely tied to these products.
2. **Life Sciences cluster** combines two of SANDAG's industry clusters, *Biomedical Devices and Products* which includes the research, design, and production of medical devices and *Biotechnology and Pharmaceuticals* which includes research and development related to biological technologies as well as the manufacturing of medicinal and diagnostic substances.
3. **Cleantech cluster** includes firms that are engaged in renewable energy, energy efficiency, and energy storage.
4. **Entertainment & Hospitality cluster** includes hotels, transportation services, and restaurants, as well as entertainment attractions such as theme parks (LEGOLAND), golf courses, and country clubs.
5. **Information, Communications, & Technologies (ICT) cluster** includes communications, computer and electronics, and software industries.

It should be noted that each of the industry cluster definitions are generally consistent with SANDAG; a few minor revisions and additions were made after reviewing the database of employers with the City of Carlsbad.

Carlsbad's five industry clusters represent approximately one in every seven businesses in Carlsbad while accounting for just over 40 percent of all jobs in the city. And with the exception of Entertainment and Hospitality, provide average annual earnings per worker that are just over one-third higher than the city's average.

The chart on the following page shows the key clusters and their projected growth over the next three years (2013 to 2016). The size of the bubbles indicates relative size based on employment to other industry clusters in the chart. The Entertainment & Hospitality cluster is the largest with 11,941 employees in the City of Carlsbad.

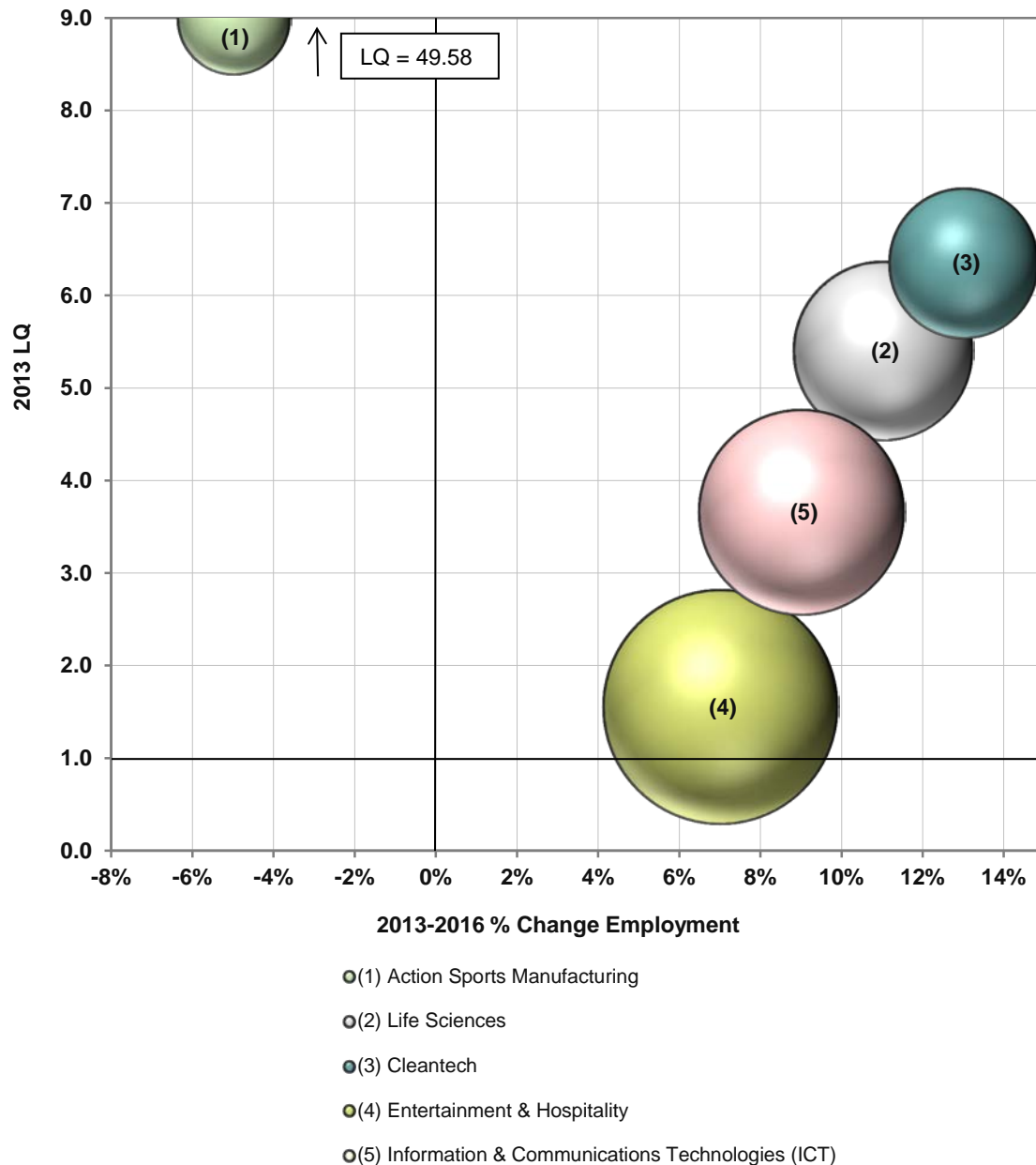
The cluster share of local employment compared to its share of national employment is measured on the vertical axis by its location quotient (LQ). A location quotient of 1.0 indicates equal cluster share of employment between a region and the nation. The Action Sports Manufacturing cluster has the largest location quotient of 49.58, which means that it is nearly 50 times more concentrated in the City of Carlsbad when compared to the national average. In fact, each of the five industry clusters has a location quotient greater than 1.0.

³ The pages to follow present information on five clusters. Two of SANDAG's clusters – Biomedical Devices and Products & Biotechnology and Pharmaceuticals – have been combined into Life Sciences.



Finally, the horizontal axis displays projected growth for the three year time frame between 2013 and 2016. Positive growth is expected for four industry clusters (Cleantech: 13%; Life Sciences: 11%; ICT: 9%; and Entertainment & Hospitality: 7%), with only Action Sports Manufacturing projected to experience negative growth (-5%).

Figure 7: City of Carlsbad Industry Clusters by Employment, Location Quotient (LQ) and Growth⁴



⁴ Source: EMSI Complete Employment 2012.4.



ACTION SPORTS MANUFACTURING

Action Sports Manufacturing, more than any other cluster examined, identifies Carlsbad's unique business strengths when compared to the national economy. This cluster has seen considerable growth over the last ten years, but is also expected to decline in employment over the next three years. This cluster has approximately 47 firms and 2,773 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$91,020.

With a high concentration of golf club, surfboard, diving, and other recreational goods manufacturing in the region, it is clear that this industry is a highly export-oriented economic driver. This cluster also is strongly associated with sporting and recreational goods wholesalers.

Based on the vast amounts of sunshine, close proximity to the ocean, and the lifestyle of southern California, the Action Sports Manufacturing cluster has been a steady presence in the region.

Excerpted from page 3: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

LIFE SCIENCES

For our purposes, two of SANDAG's clusters – Biomedical Devices and Products & Biotechnology and Pharmaceuticals – have been combined into Life Sciences for examination in the City of Carlsbad. These two industry clusters are expected to see strong employment growth through 2016. The Life Sciences cluster has approximately 131 firms and 7,033 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$128,722.

Biomedical Devices and Products

The Biomedical Devices and Products industry cluster consists primarily of firms producing surgical, medical, dental, optical, and ophthalmic devices and products as well as laboratory applications. It also includes firms conducting research and development activities. Most of the companies in this cluster consist of middle to smaller sized companies.

Biotechnology and Pharmaceuticals

The Biotech and Pharmaceuticals cluster primarily consists of research and development industries in fields related to chemical and biological technologies. This cluster also includes the manufacturing of medicinal and diagnostic substances. It generally consists of middle to smaller sized companies as well as world-renowned research institutes. This Biotech and Pharmaceuticals cluster is currently a major regional economic driver with strong job growth and funding.

Excerpted from page 5: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.



CLEANTECH

Carlsbad's Cleantech businesses are expected to increase employment over ten percent by 2016 and continue to grow in importance within the local and regional economy. The Cleantech cluster in Carlsbad has approximately 90 firms and 4,882 jobs. The average annual earnings per worker in this cluster is approximately \$112,672.

Due to the move toward more renewable energy products and services, this industry cluster has evolved from the Environmental Technology to the Cleantech industry cluster. Industries included in this cluster perform processes such as industrial products and semiconductor manufacturing (for solar panels); research and development; testing; and industrial and instrument manufacturing, as well as design, environmental, and technical consulting services. Firms included in this cluster specialize in energy efficiency (e.g., battery technologies, solar panels and related products, fuel efficient automobiles, and testing equipment); clean energy generation (e.g., solar engineering, management and consulting services, and biofuels/biodiesel); and energy storage (e.g., battery technologies, biomass, biofuels, and smart electricity).

Excerpted from page 6: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

ENTERTAINMENT AND HOSPITALITY

Carlsbad's Entertainment and Hospitality cluster provides the largest number of jobs of the five Carlsbad clusters that were examined. The cluster has approximately 153 firms and 11,941 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$25,567.

San Diego has an international reputation as a tourist and convention center destination. Visitors are not only drawn to the region's great amenities, natural resources, and weather but also popular entertainment and attractions. In previous reports, Travel and Hospitality and Entertainment and Amusement were reported as separate clusters. Because of their strong interrelationship, these clusters have merged into one Entertainment and Hospitality cluster. Local hotel, transportation services, and restaurants, which accommodate the region's visitors, account for the bulk of the travel and hospitality portion of the cluster, while world famous museums and zoos serve as major entertainment attractions. Other entertainment attractions for the region include recreational activities, such as theme parks, golf courses and country clubs, athletic events, race tracks, theatres, and numerous artists and performers. Overall, the Entertainment and Hospitality cluster brings many visitors and spending from outside the region.

Excerpted from page 6: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.



INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)

The Information and Communications Technologies (ICT) represent a valuable employer in Carlsbad, with strong growth expectations and high wages. The ICT cluster has approximately 254 firms and 9,203 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$114,561.

The ICT industry cluster includes communications, computer and electronics, and software industries. These industries, reported separately in previous cluster reports, have strong interconnections resulting in the emergence of the new ICT cluster. Firms in this cluster specialize in manufacturing radio and television broadcasting and wireless communication equipment, audio and video equipment, semiconductors and associated products, computer and electronic components, and other communications equipment manufacturing. Likewise, many service-related industries support this cluster including engineering, custom computer programming, and software. Many companies in this cluster work on government and defense contracts as well as private commercial projects. Although this cluster contains many large globally recognized communications companies, it also includes a large number of smaller companies.

Excerpted from page 8: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.



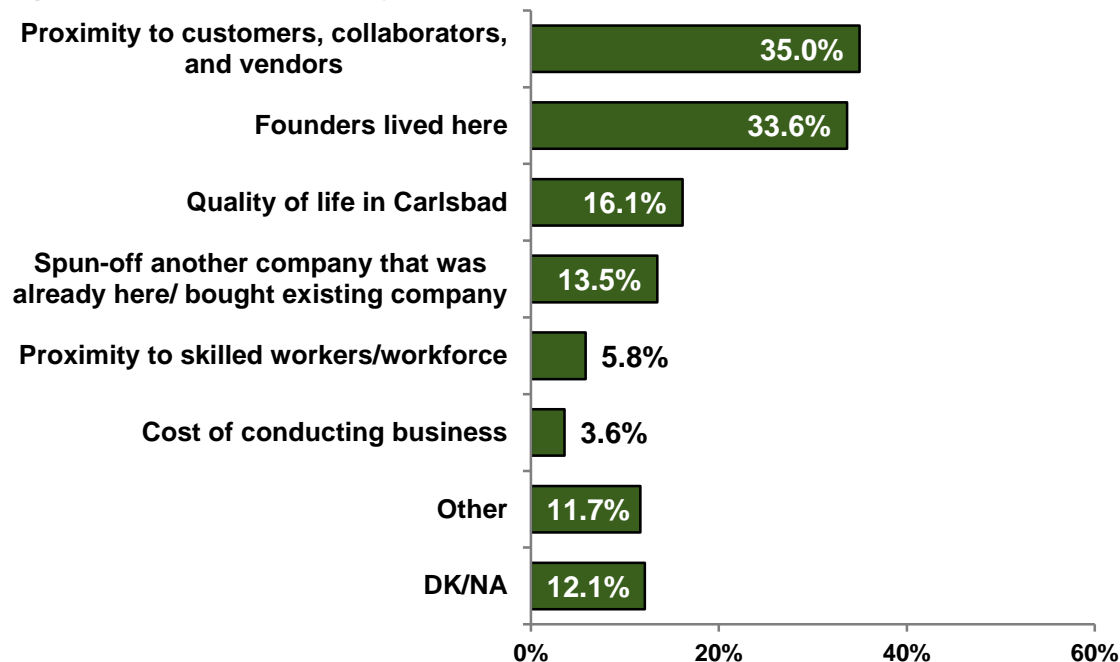
OPPORTUNITY AND ASSESSMENT IN CARLSBAD'S BUSINESS COMMUNITY

This section of the research summarizes Carlsbad businesses' responses to questions that evaluated opportunities and a current assessment of specific components of Carlsbad's business community.

Main Reasons Company Located in Carlsbad

Early in the survey, respondents were asked to provide the main reasons their business located in Carlsbad. This was an open-ended question, meaning respondents were not given any potential responses. As shown in the figure below, proximity to customers, collaborators, and vendors (35%) and having founders living in Carlsbad (34%) were the top reasons for locating within the City of Carlsbad. The quality of life in Carlsbad was also indicated by almost one in every six respondents.

Figure 8: Main Reasons Company Located in Carlsbad



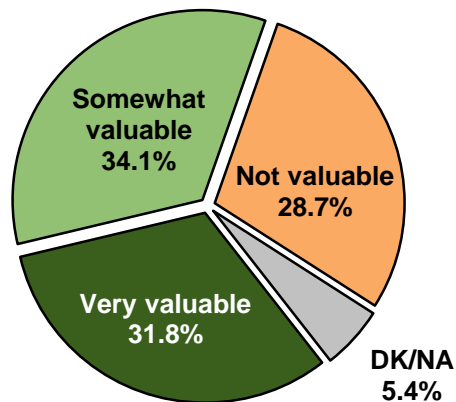
- Locating in Carlsbad because the founders lived here was more likely among firms with one Carlsbad location and those with one to five employees.
- Locating in Carlsbad due to its proximity to customer, collaborators, and vendors was more likely among firms with two or more locations and 11 to 99 employees in Carlsbad.



Perceived Value of a University or Institute of Higher Education Located in Carlsbad

Later in the survey, respondents were asked about the value of a university or institute of higher learning being located in the City of Carlsbad. Almost two out of three businesses indicated that would be either “very valuable” or at least “somewhat valuable.” Although their sample size was small in the survey (n=15), Life Sciences firms were the most likely to report that a university or institution of higher education in the City of Carlsbad would be “very valuable” to their firm (40%).

Figure 9: Value of a University or Institution of Higher Education Located in the City of Carlsbad



As a follow-up question, those respondents that indicated a university or institute located in Carlsbad would be very or somewhat valuable proposition were asked to indicate what program or area of research they would like to see at the potential learning institution. The top open-ended responses to this question included;

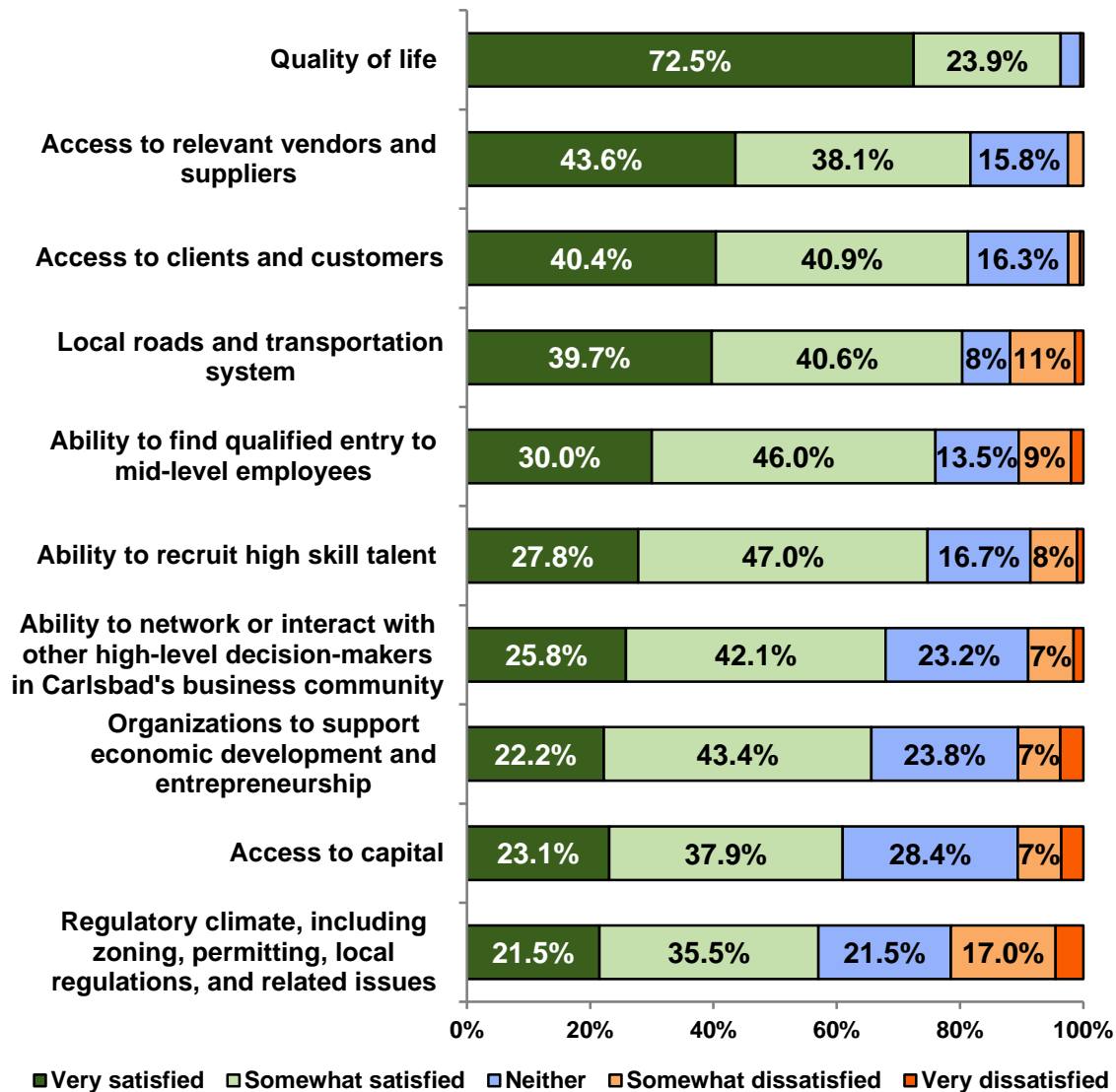
1. MBA, business/marketing or entrepreneurship (30%)
2. Renewable energy – solar, biofuel, etc. (10%)
3. ICT or computer science (9%)
4. Electrical or software engineering (8%)
5. Medical and/or health sciences (8%)
6. Engineering (other 7% – no single category over 2%).



Satisfaction with Specific Components of the Business Climate

After respondents were asked their overall assessment of the city's business climate, they were asked about their satisfaction with specific components of the city's business climate.

Figure 10: Satisfaction with Attributes of Carlsbad's Business Climate⁵



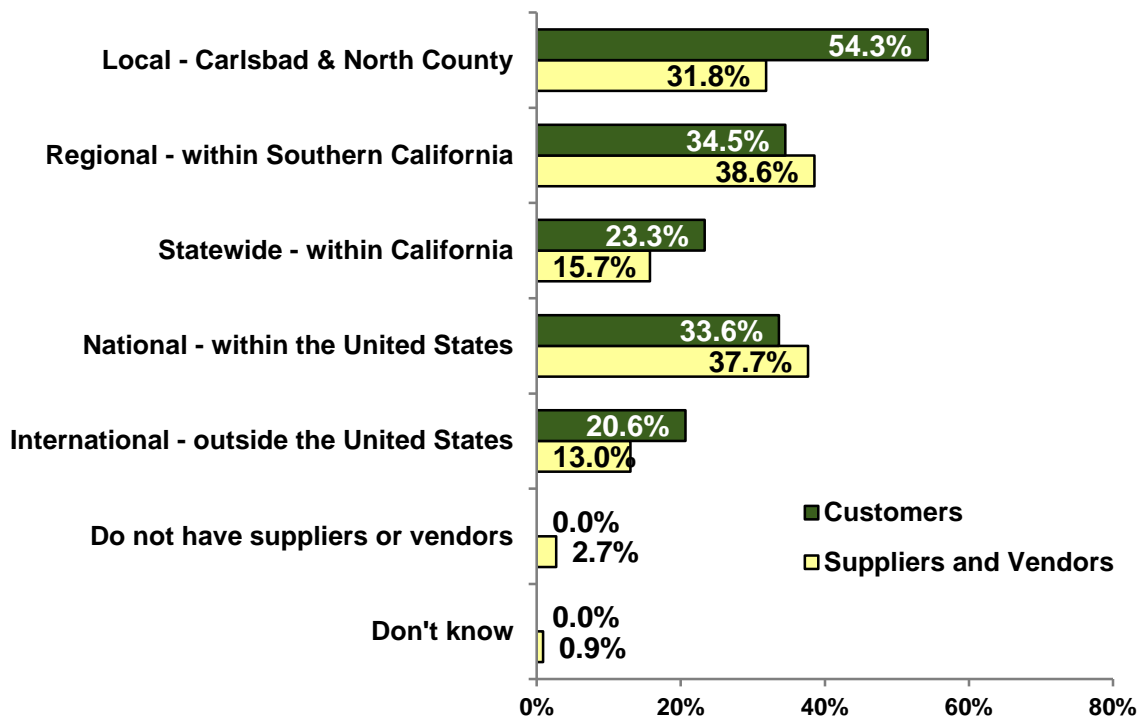
⁵ Due to higher than average percentages of "Don't know/ no answer" responses for many items, those responses were filtered out of the analysis for this series. The high percentages are likely due to lack of direct experience with those services (please refer to Appendix C for full breakdown of responses).



Distribution of Customers and Suppliers & Vendors

Respondents were asked where their customers were primarily found, as well as their suppliers and vendors. As the figure below shows, just over half of businesses see their primary customers as local, but one fifth of respondents indicated that their primary customers are outside the United States. Please note that respondents were allowed to indicate more than one primary area for customers or suppliers and vendors so totals will equal more than 100 percent.

Figure 11: Location of Customers and Suppliers & Vendors



- Nearly two thirds (66%) of medium-sized firms identified their primary customers as local compared to under half (43%) of small firms making the same claim.
- Although a small sample size, Action Sports see just over one third (38%) of their primary customers as being located outside the United States.
- Large companies were less likely to identify local suppliers and vendors as their primary suppliers and vendors when compared to the average (12% vs. 32%).
- Eighty percent of Life Sciences firms reported that their primary suppliers and vendors were national compared to just 19 percent of Entertainment and Hospitality firms.



APPENDIX A: SECONDARY DATA ON UNIVERSE OF CARLSBAD BUSINESSES AND SURVEY DATA NOT PREVIOUSLY PRESENTED

UNIVERSE OF CARLSBAD BUSINESSES

The City of Carlsbad is home to an estimated 5,035 businesses⁶ that employ approximately 86,560 individuals.⁷

Approximately three out of five businesses within Carlsbad are small, with fewer than five employees. However, compared to California as a whole (18%), Carlsbad (20%) has a relatively large portion of businesses that are either medium-sized (10 to 24 employees) or large (25+ employees). The average size of Carlsbad businesses is 17.2 employees compared to 14.8 statewide.

Figure 12: Secondary Data – City of Carlsbad Size of Businesses

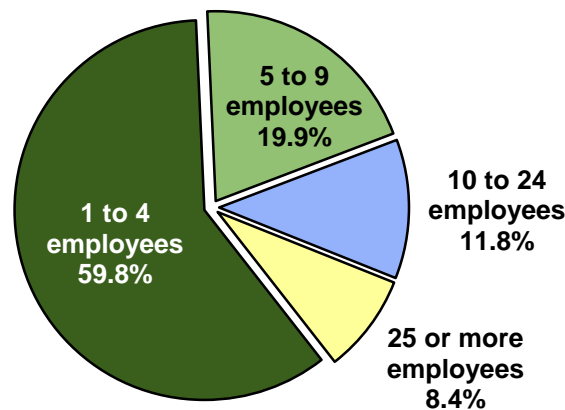
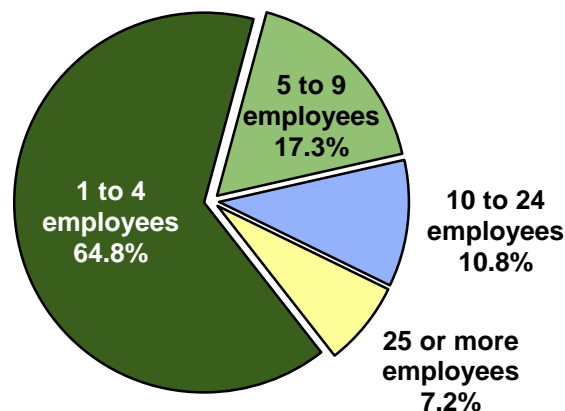


Figure 13: Secondary Data - California Size of Businesses



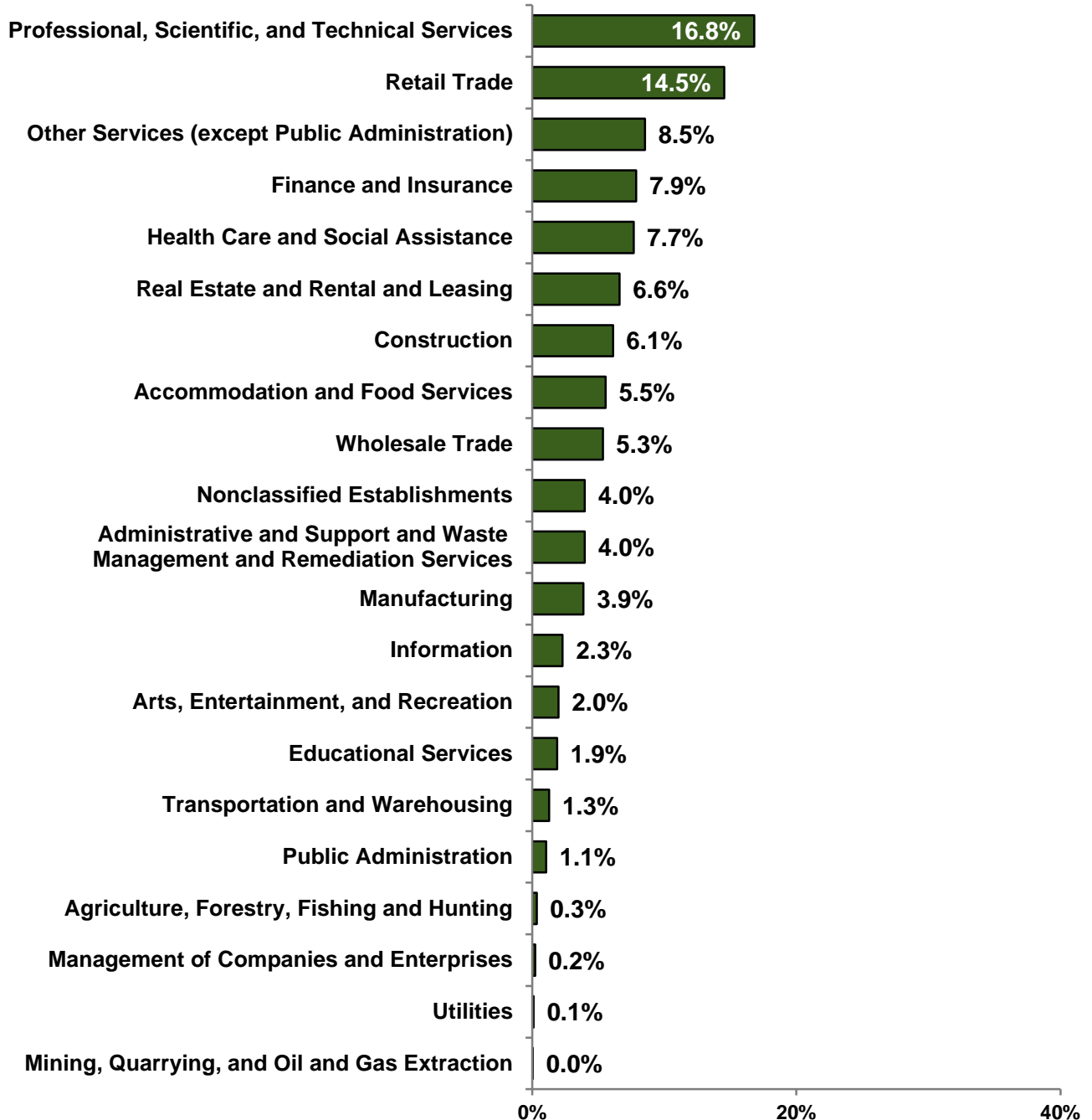
⁶ Source: InfoUSA.

⁷ Source: Economic Modeling Specialists, Inc. (EMSI).



When factoring in both number of establishments and workers,⁸ Professional, Scientific, and Technical Services (NAICS 54: 858 businesses, 11,051 workers) and Retail Trade (NAICS 44-45: 742 businesses, 9,118 workers) are the two industries with the largest presence in Carlsbad. Although Manufacturing has a relatively small number of firms (198), it is the second largest Carlsbad employer with just over 10,000 workers (10,238).

Figure 14: Secondary Data – Industry Breakdown by Number of Businesses⁹



⁸ Data sources: InfoUSA for number of businesses and EMSI for number of workers.

⁹ Industries presented are at the 2-digit NAICS code level.



ADDITIONAL SURVEY DATA

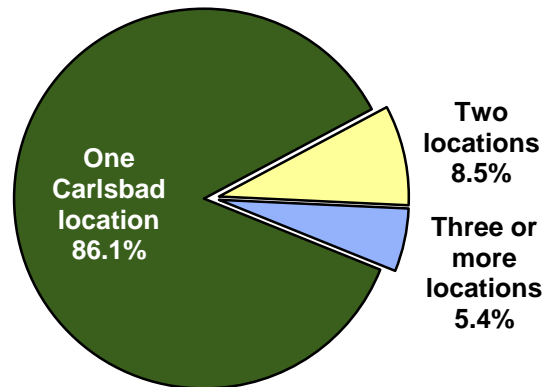
This section presents data collected from survey respondents that were not presented within the body of the report.

Please refer to Appendix C for a complete breakdown of the survey questions, including the demographic profile of respondents (age, gender, city of residence).

Number of Carlsbad Locations

Eighty six percent of firms surveyed have one location in Carlsbad, for a mean of 1.30 locations across respondents.

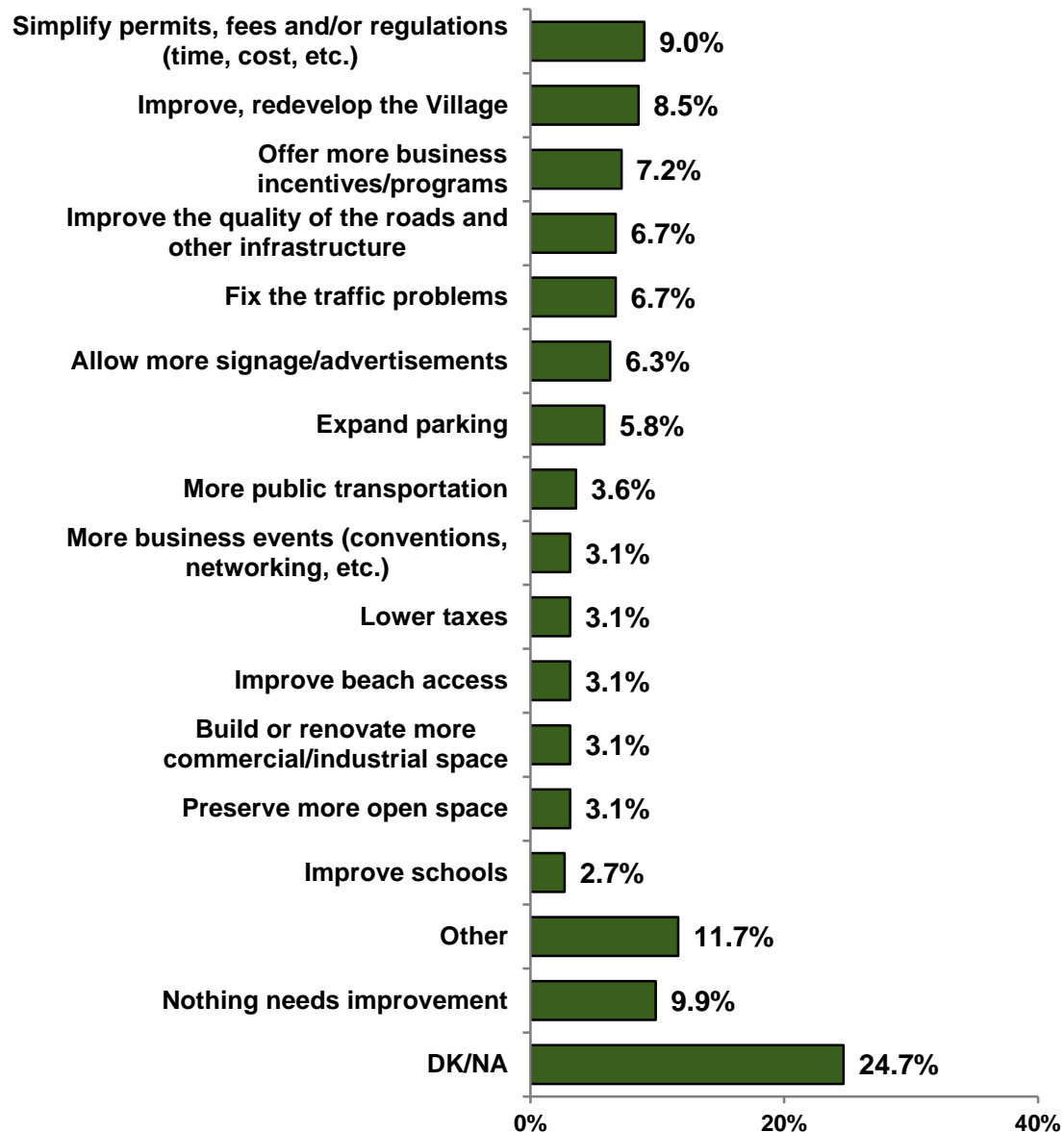
Figure 15: Number of Carlsbad Locations





Carlsbad businesses were asked to identify the number one thing that the city could do to improve the local business climate. This question was open-ended, meaning respondents were not provided any potential responses but were instead allowed to communicate the first issue that came to mind. As shown by the figure below, no single issue resonated with at least ten percent of all businesses, aside from the response of “nothing needs improvement.” It should also be noted that respondents were allowed to give up to two responses, so the total percentages of responses will equal more than 100 percent.

Figure 16: Number One Thing City of Carlsbad Could Do to Improve Business Climate

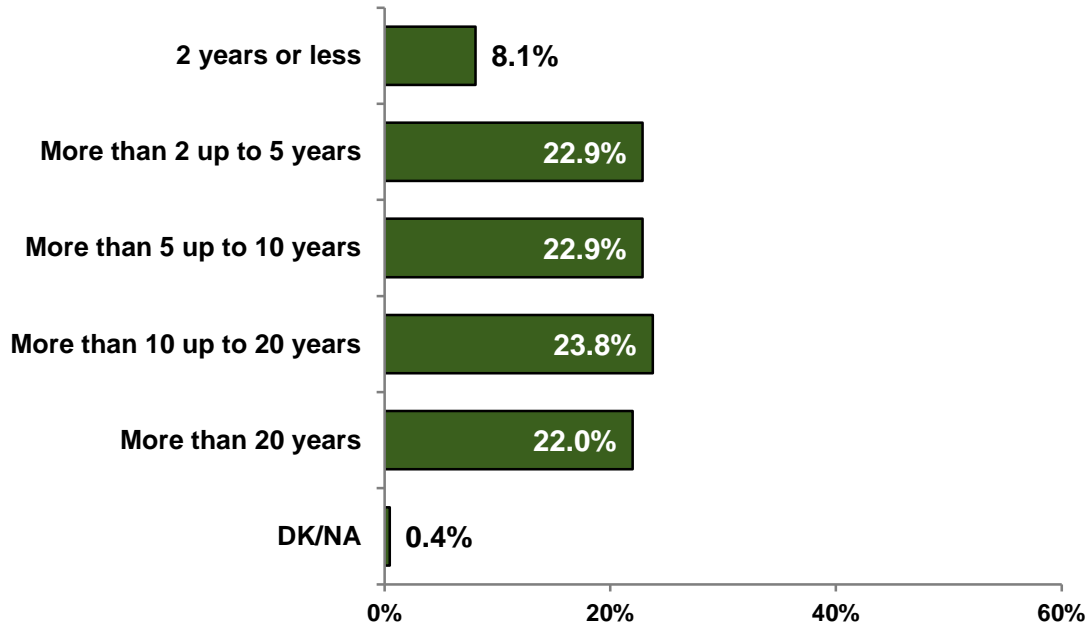




Number of Years Located in Carlsbad

Surveyed firms have been in Carlsbad for an average of 13.78 years (median 10.00).

Figure 17: Number of Years Located in Carlsbad

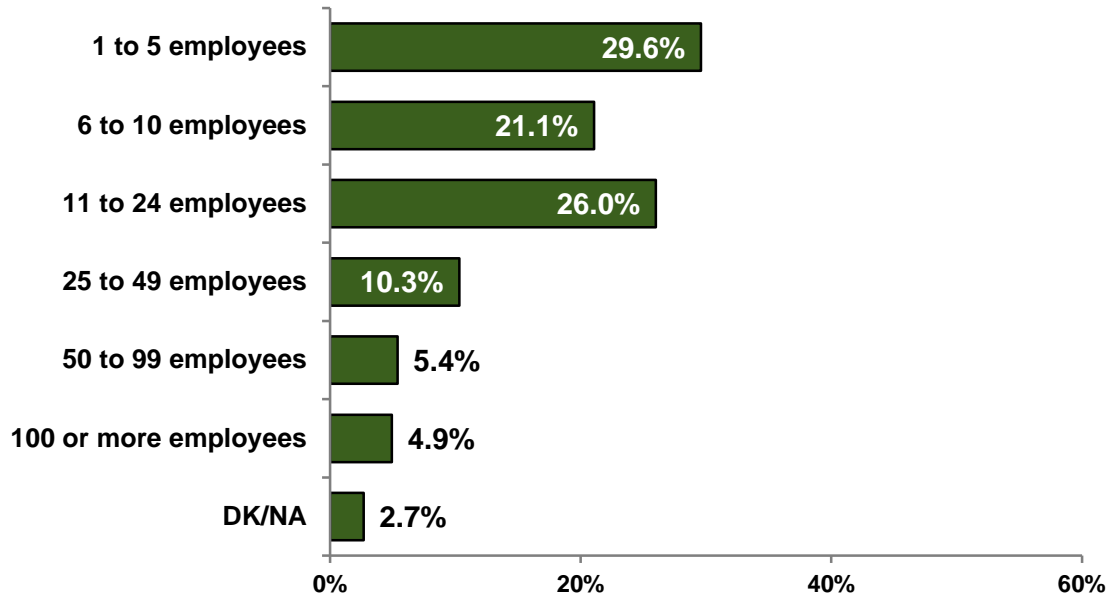




Number of Employees at Carlsbad Location(s)

The majority of surveyed firms have 10 or fewer employees (51%). The average number of employees at their Carlsbad location(s) is 24.99 and the median is 10.00.

Figure 18: Number of Employees at Carlsbad Location(s)

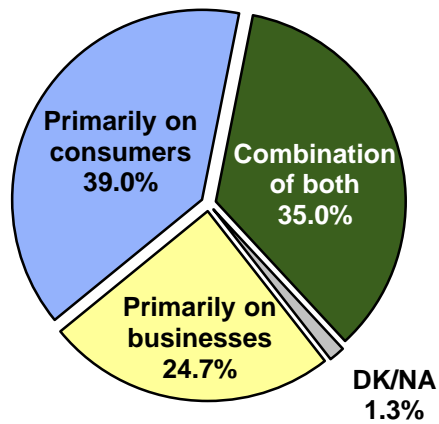




Primary Focus of Business

Thirty-nine percent of the Carlsbad businesses surveyed are primarily focused on serving consumers directly while 25 percent are primarily focused on serving other businesses and 35 percent serve a combination of both businesses and consumers.

Figure 19: Primary Focus of Business

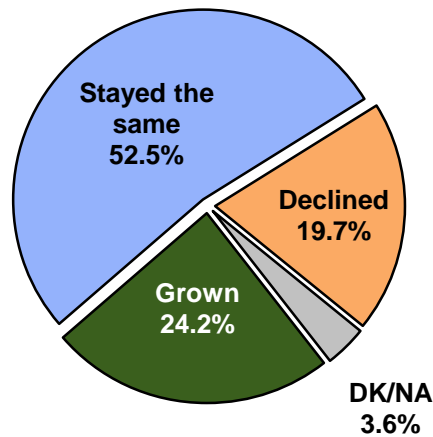




Change in Employment over the Past Three Years

Just under a quarter (24%) of surveyed businesses grew over the past three years, 52 percent maintained employment levels at their Carlsbad location(s), and 20 percent shrunk: resulting in a growth rate of -2.8 percent during the time period.

Figure 20: Change in Employment over the Past Three Years



- Firms who had been in Carlsbad more than 10 years and up to 20 years were the most likely to report having declined over the past three years (34% vs. 20% overall).
- Although their surveyed sample size was small (n=12), 42 percent of firms with three or more locations reported growth over the past year compared with 24 percent overall.
- Firms with one to five employees in Carlsbad were the most likely to report having staying the same (68%), those with 25 to 49 employees were the most likely to report growth (57%), and those with 50 to 99 employees were the most likely to report declines (33%, small sample size for this sub-group: n=12).
- Other cluster firms (not in one of the five industry clusters) were more likely to report growth over the last three years (28%) than either Entertainment and Hospitality (19%) or the High Tech cluster group (which includes employers from Life Sciences, ICT, Cleantech, & Action Sports) (18%).
- Sixty percent of High Tech clusters indicated that they had maintained the same employment over the last three years compared to 52 percent overall.

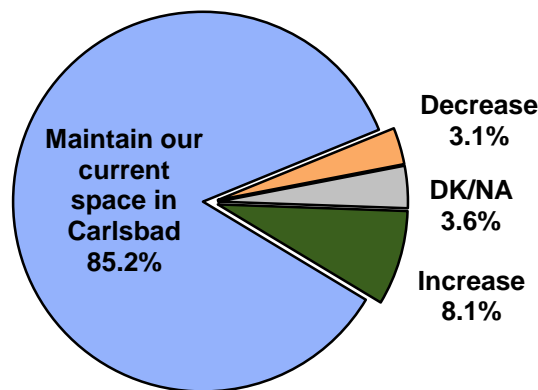


Expectations for Physical Space in Carlsbad over the Next 12 to 24 Months

Most firms (85%) expect to maintain the current amount of physical space they have in Carlsbad. Although the sample size was small (8%, n=18 firms), firms expecting to increase their space in Carlsbad were most likely to need the additional space to expand their current location (39%) or for an additional new location (33%). Among those 11 firms, 73 percent intended to look in Central Carlsbad, along or near Palomar Airport Road.

Among the three percent of firms forecasting to decrease the amount of physical space they have in Carlsbad (small sample size, n=11 firms), 43 percent expect to leave or close their Carlsbad location in the next one to two years and 29 percent indicated they could possibly close. The main reason cited for decreasing their physical space in Carlsbad was that business has declined or they are closing (43%).

Figure 21: Expectations for Physical Space in Carlsbad over the Next 12 to 24 Months



- Nearly one in six Entertainment and Hospitality firms (16%) indicated that they expect to increase their space in Carlsbad over the next 12 to 24 months compared to the average of just under one in ten for all Carlsbad business industries (8%).
- Ninety percent of High Tech clusters indicated that they expect to maintain their current space compared to 84 percent of Other cluster businesses and 81 percent of Entertainment and Hospitality firms.



APPENDIX B: SURVEY METHODOLOGY

Data compiled for this report were drawn from both primary and secondary data sources. The table below provides a brief overview of the methodology utilized for the project.

Table 1: Overview of Project Methodology

Method	Secondary Research of Business Data for City of Carlsbad Survey of Carlsbad Businesses
Number of Survey Participants	223 Firms in Carlsbad Completed a Web or Telephone Survey
Survey Field Dates	December 5, 2012 – January 3, 2013
Survey Universe	2,076 Firms with at least 5 Employees ¹⁰ in the City of Carlsbad
Survey Margin of Error	The margin of error for questions answered by all 223 respondents was +/-6.20% at the 95% level of confidence.

SECONDARY RESEARCH

For this study, industry clusters were defined using the North American Industry Classification System codes. Table 2 displays the complete list of NAICS codes used for this study.

All secondary data used in this study were compiled from either InfoUSA or the Economic Modeling Specialists Inc. (EMSI) 2012.4 Complete Employment dataset for the City of Carlsbad. The EMSI Complete Employment dataset includes state and federal level data sources and include the self-employed (proprietors and partnerships), agricultural workers, and others not captured by basic payroll data.

EMSI current year estimates are partial projections based on the Quarterly Census of Employment and Wages (QCEW) and Current Employment Statistics (CES) provided by the Bureau of Labor Statistics (BLS). Future year projections are based on available historical data for industries and clustered industries.

¹⁰ Only firms with at least five employees as classified by InfoUSA were included in the sample. Some firms reported fewer than five Carlsbad employees when surveyed.



Table 2: NAICS Codes Used to Define Industry Clusters

Industry Cluster	NAICS Code	NAICS Description
Action Sports Manufacturing	339920	Sporting and Athletic Goods Mfg.
	423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
Cleantech	333319	Other Commercial and Service Industry Machinery Mfg.
	334413	Semiconductor and Related Device Mfg.
	334513	Instruments and Related Products Mfg. for Measuring, Displaying, and Controlling Industrial Process Var.
	541380	Testing Laboratories
	541420	Industrial Design Services
	541620	Environmental Consulting Services
	541690	Other Scientific and Technical Consulting Services
	541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
	333315	Photographic and Photocopying Equipment Mfg.
	334514	Totalizing Fluid Meter and Counting Device Mfg.
	335314	Relay and Industrial Control Mfg.
Entertainment and Hospitality	114111	Finfish Fishing
	487210	Scenic and Sightseeing Transportation, Water
	532292	Recreational Goods Rental
	711110	Theater Companies and Dinner Theaters
	711211	Sports Teams and Clubs
	711212	Racetracks
	711510	Independent Artists, Writers, and Performers
	712130	Zoos and Botanical Gardens
	713110	Amusement and Theme Parks
	721110	Hotels (except Casino Hotels) and Motels
	722213	Snack and Nonalcoholic Beverage Bars
	722330	Mobile Food Services
	481111	Scheduled Passenger Air Transportation
	481211	Nonscheduled Chartered Passenger Air Transportation
	481212	Nonscheduled Chartered Freight Air Transportation
	481219	Other Nonscheduled Air Transportation
	711120	Dance Companies
	711130	Musical Groups and Artists
	711190	Other Performing Arts Companies
	711219	Other Spectator Sports
	711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities
	711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities
	711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
	713120	Amusement Arcades
	713290	Other Gambling Industries
	713910	Golf Courses and Country Clubs
	713930	Marinas
	713990	All Other Amusement and Recreation Industries
	722110	Full-Service Restaurants
	722211	Limited-Service Restaurants
	722212	Cafeterias, Grill Buffets, and Buffets



	722310	Food Service Contractors
	722320	Caterers
	722410	Drinking Places (Alcoholic Beverages)
Information and Communication Technologies (ICT)	334119	Other Computer Peripheral Equipment Mfg.
	334220	Radio and Television Broadcasting and Wireless Communications Equipment Mfg.
	334290	Other Communications Equipment Mfg.
	334310	Audio and Video Equipment Mfg.
	334412	Bare Printed Circuit Board Mfg.
	334413	Semiconductor and Related Device Mfg.
	334417	Electronic Connector Mfg.
	334418	Printed Circuit Assembly (Electronic Assembly) Mfg.
	334419	Other Electronic Component Mfg.
	334515	Instrument Mfg. for Measuring and Testing Electricity and Electrical Signals
	334611	Software Reproducing
	335999	All Other Miscellaneous Electrical Equipment and Component Mfg.
	511210	Software Publishers
	517210	Wireless Telecommunications Carriers (except Satellite)
	517410	Satellite Telecommunications
	517911	Telecommunications Resellers
	541330	Engineering Services
	541380	Testing Laboratories
	541511	Custom Computer Programming Services
	541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
	323121	Tradebinding and Related Work
	323122	Prepress Services
	334111	Electronic Computer Mfg.
	334112	Computer Storage Device Mfg.
	334113	Computer Terminal Mfg.
	334210	Telephone Apparatus Mfg.
	334411	Electron Tube Mfg.
	334510	Electromedical and Electrotherapeutic Apparatus Mfg.
	334516	Analytical Laboratory Instrument Mfg.
	334517	Irradiation Apparatus Mfg.
	334518	Watch, Clock, and Part Mfg.
	334519	Other Measuring and Controlling Device Mfg.
	334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing
	335311	Power, Distribution, and Specialty Transformer Mfg.
	512110	Motion Picture and Video Production
	512191	Teleproduction and Other Postproduction Services
	517110	Wired Telecommunications Carriers
	517919	All Other Telecommunications
Life Sciences	325120	Industrial Gas Mfg.
	333314	Optical Instrument and Lens Mfg.
	339112	Surgical and Medical Instrument Mfg.
	339113	Surgical Appliance and Supplies Mfg.
	339114	Dental Equipment and Supplies Mfg.
	339115	Ophthalmic Goods Mfg.



541380	Testing Laboratories
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
811219	Other Electronic and Precision Equipment Repair and Maintenance
339116	Dental Laboratories
112990	All Other Animal Production
325413	In-Vitro Diagnostic Substance Mfg.
325414	Biological Product (except Diagnostic) Mfg.
541380	Testing Laboratories
541711	Research and Development in Biotechnology
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
325411	Medicinal and Botanical Mfg.
325412	Pharmaceutical Preparation Mfg.
All Other	All Others by NAICS



PRIMARY RESEARCH

A telephone and web survey of 223 Carlsbad employers was conducted as part of this study.

Survey Design

Through an iterative process, BW Research worked closely with the City of Carlsbad's Economic Development Department to develop a survey instrument that met all the research objectives of the study. In developing the survey instrument, BW Research utilized techniques to overcome known biases in survey research and minimize potential sources of measurement error within the survey.

Sampling Method

A database of 2,076 Carlsbad firms was purchased from InfoUSA. That initial database was then supplemented with firms and contact information provided by the City of Carlsbad and finally reviewed and refined to ensure it incorporated Carlsbad employers, stratified by size and industry. The sampling plan was based on a stratified universe of businesses based on size and industry, with an oversample of businesses within one of the five industry clusters within the city.

Data Collection

Prior to beginning data collection, BW Research conducted interviewer training and also pre-tested the survey instrument to ensure that all words and questions were easily understood by the respondents. Telephone interviews were generally conducted from 9:00am to 4:30pm Monday through Friday. The data collection period was December 5, 2012 through January 3, 2013.

A web version of the survey was also developed and businesses with an email address within the city were sent an online invitation. Carlsbad businesses that were called over the telephone and indicated a preference to complete the survey online, were also sent an online invitation to the survey. Carlsbad employers in one of the five industry clusters were also mailed a letter, making them aware of the survey and given an online URL to complete the survey on the web, before being called.

A Note about Margin of Error and Analysis of Sub-Groups

The overall margin of error for the survey, at the 95 percent level of confidence, is +/- 6.20 percent for questions answered by all 223 respondents. It is important to note that questions asked of smaller groups of respondents (such as questions that were only asked to firms based off their previous responses) as well as results presented separately for industry clusters will have a margin of error greater than +/- 6.20 percent, with the exact margin of error dependent on the number of respondents in each sub-group



APPENDIX C: SURVEY TOPLINES (n=223)

Introduction

[24 employees or less]

Hello, my name is _____. May I please speak to a manager or owner at [firm name]?

[25 employees or more]

Hello, my name is _____. May I please speak to a manager or a decision maker who is involved in strategic planning or human resources at [firm name]?

I am calling on behalf of BW Research, an independent research organization working on behalf of the City of Carlsbad. **[IF LETTER SENT]** *I'm following up on a letter sent from Kathy Dodson, the Economic Development Manager for the City of Carlsbad asking you to participate in a brief survey.*

The survey will take approximately 10 minutes of your time and will help the City of Carlsbad to better serve those businesses located within Carlsbad.

(If needed): This survey has been commissioned by the City of Carlsbad, which is committed to supporting the businesses in the City.

(If needed): The survey is being conducted by BW Research, an independent research organization, and should take approximately ten minutes of your time.

(If needed): Your individual responses will **not** be published; only aggregate information will be used in the reporting of the survey results.

PLEASE NOTE TRADITIONAL ROUNDING RULES APPLIED
NOT ALL PERCENTAGES WILL EQUAL EXACTLY 100%



SCREENER A *Are you involved or leading the strategic planning, hiring or location decisions at your firm?*

100% Yes
0% No
0% Not Sure

SCREENER B How many locations does your company or organization have in the City of Carlsbad? (IF YES) How many locations?

<u>Total Locations</u>	<u>Mean</u>	<u>Median</u>
289	1.30	1.00

Breakdown:

86% 1 location
9% 2 locations
5% 3 or more locations



How many years have you had a business location in Carlsbad?

Q1 _____ # of years

[IF UNABLE TO DETERMINE EXACT NUMBER OF YEARS PICK INTERVAL BELOW]

The mean and median are calculated from the 213 respondents that provided a specific number of years. Intervals were provided for the 10 respondents that were not able to provide a specific number of years and thereby, the percent breakdown is among all 223 respondents.

<u>Mean</u>	<u>Median</u>
13.78	10.00

Breakdown:

8%	2 years or less
23%	More than 2 up to 5 years
23%	More than 5 up to 10 years
24%	More than 10 up to 20 years
22%	More than 20 years
0.4%	Don't know/ Refused

**Q2**

What were the main reasons your company located in Carlsbad? [CHECK ALL THAT APPLY] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

- 35% Proximity to customers, collaborators, and vendors
- 34% Founders lived here
- 16% Quality of life in Carlsbad
- 13% Spun-off another company that was already here/ bought existing company
- 6% Proximity to skilled workers/workforce
- 4% Cost of conducting business
- 12% Other (Specify) (no single category is over 2%)
- 12% Don't know/ Refused

I'd like to ask a few general questions about your employees at your Carlsbad location(s). If your firm has locations outside Carlsbad, please do not include their data.

Q3

Including all full-time and part-time employees, how many permanent and temporary employees work at your Carlsbad location(s)? (Do not accept 0 as a response)

<u>Total Employees</u>	<u>Mean</u>	<u>Median</u>
5422	24.99	10.00

Breakdown:

- 30% 1 to 5 employees
- 21% 6 to 10 employees
- 26% 11 to 24 employees
- 10% 25 to 49 employees
- 5% 50 to 99 employees
- 5% 100 or more employees
- 3% Don't know/ Refused

**Q4**

If you currently have [TAKE Q3 #] full-time and part-time permanent and temporary employees at your location(s), how many more or how many fewer employees do you expect to have at your Carlsbad location(s) 12 months from now?

Breakdown:

35% More
 3% Fewer
 58% Same number of employees
 4% Don't know/ Refused

Expected Employment in 12 months

(Calculated by only examining businesses with both current and projected data)

	<u>Current</u>	<u>12 months</u>
n	210	210
Mean	22.84	23.81
Median	10.00	10.50
Total Employees	4,796	5001
Change		205
% Growth		4.3%

[If amount differs by 10% or more in either direction, ask:]

Just to confirm, you currently have ____ employees and you expect to have ____
 (more/less) employees, for a total of ____ employees 12 months from now.

**Q5**

Over the last three years, has your company grown, declined or stayed about the same, in terms of employment at your Carlsbad location(s). If it has grown or declined, by about how many people?

Breakdown:

- 24% Grown
- 52% Stayed the same
- 20% Declined
- 4% Don't know/ Refused

Growth in Employment over the last 3 years

(Calculated by only examining businesses with both current and past data)

	<u>3 years ago</u>	<u>Current</u>
n	206	206
Mean	24.74	24.04
Median	10.00	10.00
Total Employees	5097	4953
Change		-144
% Growth		-2.8%

Next, I would like to ask about business space and/or business locations.

Q6

In the next 12 to 24 months, do you expect to increase, maintain or decrease your physical space in Carlsbad?

- 8% Increase our space in Carlsbad
- 85% Maintain our current space in Carlsbad
- 3% Decrease our space in Carlsbad
- 4% Don't know/ Refused

[IF Q6="Increase our space in Carlsbad" ASK Q7 OTHERWISE SKIP]

**Q7**

Do you expect to expand at your current location, look for a bigger location to replace your current one, or look for an additional location? (n=18)

Percentages among the 18 respondents that said they expect to increase their physical space in Carlsbad (Small sample size – caution generalizing the results)

- 39% Expand current location
- 33% Find an additional location and keep your current location
- 28% Replace current location with a larger location
- 0% Not sure
- 0% Don't know/ Refused

[IF Q7=" Replace current location with a larger location" or "Find an additional location and keep your current location" OR 3 ASK Q8 OTHERWISE SKIP]

Q8

In which of the following areas will you be looking for additional space? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=11)

Percentages among the 11 respondents that expect to replace their current location with a larger location or find an additional location and keep their current location (Small sample size – caution generalizing the results)

- 73% Central Carlsbad, along or near Palomar Airport Road
- 36% Other locations within Carlsbad
- 9% Solana Beach
- 9% Palm Springs
- 9% Phoenix
- 9% Santa Ana
- 9% Don't know/ Refused

[IF Q6="Decrease our space in Carlsbad" ASK Q9 OTHERWISE SKIP]



Q9

Do you expect to leave or close (any of) your Carlsbad location(s) in the next 12 to 24 months? (n=7)

*Percentages among the 7 respondents that expected to decrease their space in Carlsbad
(Small sample size – caution generalizing the results)*

43%	Yes
29%	Possibly
29%	No
0%	Don't know/ Refused

[IF Q6="Decrease our space in Carlsbad" ASK Q10 OTHERWISE SKIP]

Q10

What are the primary reasons you expect to decrease your space in Carlsbad? [CHECK ALL THAT APPLY] (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=7)

*Percentages among the 7 respondents that expected to decrease their space in Carlsbad
(Small sample size – caution generalizing the results)*

29%	Business has declined
14%	Customers have moved
14%	Relocation
14%	More interested in having a space in Encinitas
14%	Closing the business
14%	Company has been sold
0%	Don't know/ Refused



Now, I would like to ask you about the general business climate in the City of Carlsbad.

Q11 Overall how would you rate the City of Carlsbad as a place to do business?

39%	Excellent
48%	Good
8%	Fair
2%	Poor
1%	Very poor
3%	Don't know/ Refused

Q12

In your opinion, what is the number one thing that the City of Carlsbad could do to improve the business climate in the City? (ALLOW UP TO TWO RESPONSES) (Multiple Responses Permitted - Percentages May Sum to More than 100%)

10%	Nothing needs improvement
9%	Simplify permits, fees and/or regulations (time, cost, etc.)
9%	Improve, redevelop the Village
7%	Offer more business incentives/programs
7%	Fix the traffic problems
7%	Improve the quality of the roads and other infrastructure
6%	Allow more signage/advertisements
6%	Expand parking
4%	More public transportation
3%	Preserve more open space
3%	Build or renovate more commercial/industrial space
3%	Improve beach access
3%	Lower taxes
3%	More business events (conventions, networking, etc.)
3%	Improve schools
12%	Other (Specify) (no single category over 2%)
25%	Don't know/ Refused



Q13

Overall, do you feel the business climate in Carlsbad is getting better, getting worse or staying about the same?

35% Getting better
6% Getting worse
52% Staying about the same
7% Don't know/ Refused

Next I would like to ask specifically about local government and the City of Carlsbad

Q14

Overall, how confident are you in the Carlsbad city government to make decisions that positively affect the local business climate?

25% Very confident
50% Somewhat confident
8% Somewhat unconfident
2% Very unconfident
15% Not Sure or Don't know/ Refused



Q15 Please tell me how satisfied your company is with the following issues and attributes regarding Carlsbad's business climate.

RANDOMIZE						
	<u>Very satisfied</u>	<u>Somewhat satisfied</u>	<u>Neither sat nor dissat</u>	<u>Somewhat dissat</u>	<u>Very dissat</u>	<u>DK/NA</u>
A. Access to capital	17%	29%	22%	5%	3%	24%
B. Local roads and transportation system	39%	40%	8%	10%	1%	2%
C. Quality of life	71%	23%	3%	0%	0.4%	2%
D. Organizations to support economic development and entrepreneurship	19%	37%	20%	6%	3%	15%
E. Access to clients and customers	37%	37%	15%	2%	0.4%	9%
F. Ability to recruit high skill talent	25%	42%	15%	7%	1%	11%
G. Ability to find qualified entry to mid-level employees	27%	41%	12%	8%	2%	10%
H. Access to relevant vendors and suppliers	39%	35%	14%	2%	0%	9%
I. Ability to network or interact with other high-level decision-makers in Carlsbad's business community	22%	36%	20%	6%	1%	15%
J. Regulatory climate, including zoning, permitting, local regulations and related issues	19%	32%	19%	15%	4%	10%



Q15 With DK/NA filtered out

RANDOMIZE					
	<u>Very satisfied</u>	<u>Somewhat satisfied</u>	<u>Neither sat nor dissat</u>	<u>Somewhat dissat</u>	<u>Very dissat</u>
A. Access to capital (n=169)	23%	38%	28%	7%	4%
B. Local roads and transportation system (n=219)	40%	41%	8%	11%	1%
C. Quality of life (n=218)	72%	24%	3%	0%	0.5%
D. Organizations to support economic development and entrepreneurship (n=189)	22%	43%	24%	7%	4%
E. Access to clients and customers (n=203)	40%	41%	16%	2%	0.5%
F. Ability to recruit high skill talent (n=198)	28%	47%	17%	8%	1%
G. Ability to find qualified entry to mid-level Employees (n=200)	30%	46%	14%	9%	2%
H. Access to relevant vendors and suppliers (n=202)	44%	38%	16%	2%	0%
I. Ability to network or interact with other high-level decision-makers in Carlsbad's business community (n=190)	26%	42%	23%	7%	2%
J. Regulatory climate, including zoning, permitting, local regulations and related issues (n=200)	22%	36%	22%	17%	5%

**Q16**

[For each "Somewhat Dissatisfied" or "Very Dissatisfied" response in Q15, ask:] What is your specific issue of concern in this area, and how would you suggest that it be addressed?

Verbatim responses to be provided

Q17

Thinking about the people you hire in Carlsbad, how much difficulty does your company have finding qualified professional and technically skilled applicants who meet the organization's hiring standards?

44% Little to no difficulty
39% Some difficulty
5% Great difficulty
11% Don't know/ Refused

Q18

Would a university or institution of higher education located in the City of Carlsbad be valuable to your firm?

32% Yes, very valuable
34% Yes, somewhat valuable
29% No, not valuable
5% Don't know/ Refused

[ASK Q19 IF Q18="Yes, very valuable" or "Yes, somewhat valuable"
OTHERWISE SKIP]

**Q19**

For a university or institute of higher education located in the City of Carlsbad, what programs or areas of research and education would you like to see the potential university focus on? (ALLOW UP TO TWO RESPONSES) (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=147)

Percentages among the 147 respondents that said a university or institution of higher education located in the City of Carlsbad would be "Very" or "Somewhat" valuable

- 30% MBA, business/marketing or entrepreneurship
- 10% Renewable energy (solar, biofuel, etc.)
- 9% ICT or computer science
- 8% Electrical engineering/ software engineering
- 8% Medical/ health sciences
- 7% Engineering (other) (no single category over 2%)
- 6% Natural Resources
- 5% Bio-engineering
- 5% Biotechnology
- 5% Civil engineering/ architecture
- 4% Cloud computing
- 4% Hospitality
- 19% Other (Specify) (no single category over 2%)
- 13% Don't know/ Refused

Q20

Have you or someone at your firm received economic development information or updates from the City of Carlsbad?

- 37% Yes
- 44% No
- 19% Don't know/ Refused

[IF Q20="Yes" ASK Q21 OTHERWISE SKIP]



Q21

Overall, how satisfied or dissatisfied was your firm with the information you have received from the City of Carlsbad on their economic development services and those programs related to supporting Carlsbad's businesses? (n=83)

Percentages among the 83 respondents that said they have received economic development information or updates from the City of Carlsbad

36%	Very satisfied
51%	Somewhat satisfied
4%	Somewhat dissatisfied
0%	Very dissatisfied
10%	Don't know/ Refused

[IF Q20="No" ASK Q22 OTHERWISE SKIP]

Q22

Would you like to receive information on economic development and business services from the City of Carlsbad? (n=98)

Percentages among the 98 respondents that said they have not received economic development information or updates from the City of Carlsbad

56%	Yes
16%	Possibly
27%	No
1%	Don't know/ Refused

[IF Q21="Somewhat satisfied," "Somewhat dissatisfied," or "Very dissatisfied" ASK Q23 OTHERWISE SKIP]

**Q23**

Is there any additional information you would like to receive from the City of Carlsbad? (n=45)

Percentages among the 45 respondents that said they were "Somewhat satisfied," "Somewhat dissatisfied," or "Very dissatisfied" with information they have received from the City of Carlsbad on economic development and related services

- 78% No information needed
- 13% Yes (Specify) *Verbatim responses to be provided*
- 9% Not sure at this time

Before we finish I would like to ask the key industries, technologies and customers that drive your business.

Q24

Next, I would like to ask if your firm is primarily focused on serving other businesses, primarily focused on serving consumers directly or a combination of both businesses and consumers.

- 25% Primarily on businesses
- 39% Primarily on consumers directly
- 35% A combination of both businesses and consumers
- 1% Don't know

**Q25**

Are your customers primarily local - within Carlsbad & North County, regional - within Southern California, Statewide – within California, national – within the Country, or international - outside the Country? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

- 54% Local - Carlsbad & North County
- 35% Regional - within Southern California
- 23% Statewide - within California
- 34% National - within the United States
- 21% International - outside the United States
- 0% Don't know

Q26

Are your suppliers and vendors primarily local - within Carlsbad & North County, regional - within Southern California, Statewide – within California, national – within the Country, or international - outside the Country? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

- 32% Local - Carlsbad & North County
- 39% Regional - within Southern California
- 16% Statewide - within California
- 38% National - within the United States
- 13% International - outside the United States
- 3% Do not have suppliers or vendors
- 1% Don't know



Q27

Lastly, is there anything you would like to see the City of Carlsbad do to support the businesses that we have not discussed today?

Verbatim responses to be provided

To wrap things up, I just have some background questions for statistical purposes only.

QA In what year were you born? 19__

9%	18 to 29 years old
17%	30 to 39 years old
19%	40 to 49 years old
40%	50 to 64 years old
9%	65 years or older
5%	Refused



QB What city do you reside in?

39%	Carlsbad
14%	Oceanside
8%	Encinitas
8%	Vista
7%	San Marcos
7%	San Diego
4%	Escondido
3%	Other city in Orange County, Riverside County, or Los Angeles County
3%	Other city in San Diego County
2%	Rancho Santa Fe
1%	Fallbrook
1%	Cardiff
1%	Solana Beach
1%	Valley Center
1%	Temecula
0.4%	Out of state
1%	Don't know/ Refused

QC

Lastly, do we have your permission to provide your contact information to the City of Carlsbad, so that they may follow up on any issues or requests brought up during this survey?

66%	Yes
33%	No
1%	Don't know/ Refused

I would like to verify your contact information.



QL

Gender was asked of respondents in the web version of the survey and recorded by voice in the phone version.

60%	Male
40%	Female

Survey Type

65%	Phone
35%	Web

INFORMATION FROM BUSINESS SAMPLE (NOT ASKED)

Industry Cluster

14%	Entertainment & Hospitality
11%	ICT
7%	Life Sciences
5%	Cleantech
4%	Action Sports
59%	Other